RHODE ISLAND MEDICAID SCHOOL-BASED

ADMINISTRATIVE CLAIMING GUIDE

Rhode Island Department of Human Services

July 1, 2008

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I.

INTRODUCTION

Schools offer a unique opportunity to help enroll children in Medicaid, to assist children already enrolled, and to provide Medicaid-covered services to eligible children. Medicaid offers reimbursement for both the provision of covered medical services and for their associated administrative costs, such as outreach, enrollment assistance, and coordination activities. This *Medicaid School-Based Claiming Guide* (Guide*)* was developed by the Rhode Island Department of Human Services (DHS) to inform those involved with school-based Medicaid programs on the appropriate methods for claiming Federal and State reimbursement for the costs of Medicaid administrative activities performed in the schools. Expenditures for direct school-based health services that are covered by Medicaid and claimed as "Medical Assistance" are not discussed in this Guide.

Rhode Island Medicaid is a medical insurer that pays for medical, preventive, and /or evaluative services. School health personnel perform a variety of administrative activities that serve to assure the integrity and delivery of Medicaid services. The objective of Administrative Activity Claiming (ACC) is to identify the costs associated with allowable administrative activities that support the Rhode Island Medicaid Program and to assure that the administrative costs are appropriately claimed.

In developing this Guide, the following manuals/guides were reviewed and the appropriate requirements of those documents were incorporated into this Guide:

- *Medicaid School-Based Administrative Claiming Guide* released by the Centers for Medicare and Medicaid Services (CMS), May 2003.

- *Medicaid Direct Services Guidebook For Local Education Agencies,* Rhode Island Department of Human Services

- *Quarterly Administrative Activity Guide For Local School Districts,* Rhode Island Department Of Human Services

- *Time Study Manual For School-Based Administrative Activities,* The University Of Massachusetts Medical School

This Guide replaces DHS's Quarterly Administrative Activity Claiming Guide and the University of Massachusetts Medical School's Time Study Manual. The text in this Guide often reflects the same wording used in the other guides. If there are any questions about this Guide, please contact:

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II.

FEDERAL AND STATE REQUIREMENTS

This chapter lays out the Federal and State requirements for administrative claiming under school-based Medicaid services.

1. SCHOOL- BASED MEDICAID SERVICES

Federal matching funds are available for the cost of administrative activities that directly support efforts to identify and enroll potential eligible individuals into Medicaid and that directly support the provision of medical services covered under the Medicaid State Plan. However, Medicaid third-party liability (TPL) rules and CMS' "free care" policy limit the ability of schools to bill Medicaid for some of the health services and associated administrative costs:

- Third-party liability (TPL) requirements preclude Medicaid from paying for services provided to Medicaid beneficiaries, if another third party (e.g., health insurer or other State or Federal programs) is legally liable and responsible for providing and paying for the services.

- The "free care" principle precludes Medicaid from paying for the cost of Medicaid-covered services and activities that are generally available to all students without charge and for which no other sources of reimbursement are pursued.

While schools are legally responsible to provide Individuals with Disabilities Education Act (IDEA)-related health services at no cost to eligible students, Medicaid reimbursement is available for those services because Section 1903(c) of IDEA requires Medicaid to be primary to the U.S. Department of Education for payment of the health-related services provided under IDEA.

2. INTERAGENCY AGREEMENTS

Any school district or local entity that receives payments for Medicaid administrative activities being performed in the school setting is acting as an agent of the State Medicaid agency. Such activities may be paid for under Medicaid **only** if they are necessary for the proper and efficient administration of the Medicaid State Plan. An interagency agreement that describes and defines the relationships between the Rhode Island Department of Human Services (DHS), the Rhode Island Department of Education (RIDE), and/or the school districts or local education agencies (LEAs) conducting the activities, must be in place to claim Federal matching funds. DHS is the only entity that may submit claims to CMS to receive Federal financial participation (FFP) for allowable Medicaid costs. This requirement necessitates that every other participating agency in Rhode Island be covered, either directly or indirectly, through an interagency agreement.

Interagency agreements may only exist between governmental (i.e., public) entities and cannot extend to private contractors or consultants. This does not mean, however, that private contractors or consultants cannot be used to provide applicable administrative services, but just that they are outside the scope of an interagency agreement.

Each interagency agreement must include: (1) mutual objectives, (2) defined responsibilities of all parities, (3) the activities conducted and the services provided by each party including the circumstances for provision, (4) cooperative and collaborative relationships, (5) specific administrative claiming time study activity codes approved by CMS, by reference or by inclusion, (6) specific methodology approved by CMS for the computation of claims either by reference or by inclusion, and (7) methods for reimbursement, exchange of reports and documentation, and liaison between the parties including the designation of State and local staff. The interagency agreement also should address the Medicaid administrative claiming process, identify the services DHS will provide to the local school entities including related reimbursement and funding mechanisms, and define oversight responsibilities and activities.

Prior approval of the interagency agreement(s) by CMS is not required, but any agreement is subject to CMS review.

3. TIME STUDY REQUIRED

LEA employees may perform administrative activities that directly support the Medicaid program. Some or all of the costs of these administrative activities may be reimbursable under Medicaid when an appropriate claiming mechanism is used.

A time study is the primary mechanism for identifying and categorizing Medicaid administrative activities performed by individual school and school district employees. The time study, including the activity codes used, must represent the actual duties and responsibilities of the employees. The time study is discussed in Chapter III of this Guide.

4. OPERATIONAL PRINCIPLES

Adherence to the following principles is required for claiming Medicaid administrative reimbursement:

- **Proper And Efficient Administration** – For the cost of any activity to be allowable and reimbursable under Medicaid, the activities must be "found necessary" by the Secretary of the U. S. Department of Health and Human Services (HHS) for the proper and efficient administration of the Medicaid State Plan. OMB Circular A-87 indicates: "Governmental units are responsible for the efficient and effective administration of federal awards." The principle of being necessary for the proper, efficient, and effective administration of the Medicaid State Plan must be applied in developing the time study codes. For example, outreach activities directed at explaining Medicaid are allowable, whereas outreach activities directed at explaining educational programs are not a Medicaid allowable administrative expense.

- **Capture 100 Percent of the Time** – States must develop a cost allocation methodology that is approved by HHS. The approved cost allocation methodology must include a method for conducting a time study to determine what services and activities LEA employees provide. The time study used may be: (1) a random moment sampling (RMS) study, (2) contemporaneous time sheets, or 3) other quantifiable measures of employee effort. The time study must incorporate a comprehensive list of activities performed by employees whose costs are claimed under Medicaid. The time study must reflect **all** of the time and activities (whether allowable or unallowable under Medicaid) performed by employees participating in the Medicaid administrative claiming program. The time study methodology must entail careful documentation of all work performed by the employees over a set period of time and is used to identify, measure, and allocate staff time devoted to Medicaid reimbursable activities. To ensure that all time study participants are appropriately reflected in the time study, the staff classifications and associated documentation (e.g., position descriptions) should be reviewed.

- **Parallel Coding Structure** – A Medicaid and a non-Medicaid code must exist for each activity. For example, LEA employees who provide referrals for both Medicaid and non-Medicaid programs will need to allocate their time appropriately between these programs.

- **Duplicate Payments** – States may not claim FFP for the costs of allowable administrative activities that have been or should have been reimbursed through alternative mechanisms or funding sources. Rhode Island must provide CMS with assurances that the methodology to allocate administrative costs and the claims for FFP preclude duplicate payments. Activities that would be considered as potential duplicative payments include: (1) integral parts or extensions of direct medical services such as patient follow-up, patient assessment, patient education, or patient counseling; (2) medical services paid for or that should be paid for by other programs or sources; (3) administrative costs already covered by another activity paid for by Medicaid; and (4) activities that are reimbursed by a RIte Care-participating Health Plan)[1] or the Rhode Island Medicaid program. It is important to distinguish between duplicate payments for the same activity and the inefficient use of resources that may result in the unnecessary performance of an activity more than once.

- **Coordination of Activities** – It is important in the design of the school-based program and in the subsequent claiming of administrative costs that the LEA not perform activities that are already being offered or should be offered by other entities or through other programs. This requires close coordination between the schools, DHS, RIDE, providers, community organizations, and other related entities. CMS has provided the following examples of activities that should be coordinated: (1) activities performed by Health Plans such as case management or care coordination; (2) payment rate-setting mechanisms and payments to providers; and (3) activities provided/conducted by other government programs (e.g., schools do not need to develop educational materials if the State Medicaid agency already developed materials as part of its Early Periodic Screening, Diagnosis and Treatment (EPSDT) program).

[1] For example: If a Health Plan's rates paid to school-based health clinics include referrals, then referrals to other providers by clinic staff would not be a Medicaid allowable cost.

- **Performing Direct vs. Administrative Activities** – The time study and activity codes must capture and clearly distinguish direct services from administrative activities. The activity codes must be designed to reflect all administrative activities conducted by the employees, even if Medicaid does not provide reimbursement for that activity. Activities that are considered integral to or an extension of other covered services should not be claimed as an administrative expense. For example, the practitioner should not bill separately for a referral as an administrative expense when the school is providing the direct service.

  - **Case Management as Administration** – Section 4302 of the *State Medicaid Manual* (SMM) identifies certain activities that may be properly claimed as administrative case management. An allowable administrative cost must be directly related to the Medicaid State Plan or waiver service and be necessary for the "proper and efficient administration of the state plan". Examples of administrative case management services include: (1) Medicaid eligibility determinations and re-determinations, (2) Medicaid intake processing, (3) Medicaid preadmission screening for inpatient care, (4) prior authorization for Medicaid services, (5) utilization review, and (6) Medicaid outreach.

  - **Case Management As A Service** – Case management as a service is designed to assist an individual eligible under the Medicaid State Plan in gaining access to needed medical, social, educational, and other services. Case management services are referred to as Targeted Case Management (TCM) services, when the services are not furnished in accordance with "State-wideness" or "comparability" requirements. As an "optional service" (i.e., under the State Medicaid Plan), this has enabled Rhode Island and other States to target TCM to specific classes of individuals (e.g., developmentally disabled individuals) or to individuals residing in specific areas. According to the Guide, particular attention must be paid to assure that case management, as a service, is not included as an administrative activity or cost. All TCM services must be reported under an activity code for direct medical service provision.

- **Allocable Share of Costs** – Since many school-based medical activities are provided both to Medicaid- and to non-Medicaid eligible students, the costs applicable to these activities must be allocated to both groups. OMB Circular A-87 states that "a cost is allocable to a particular cost object if the goods or services involved are chargeable or assignable to such cost objectives in accordance with the relative benefits received".

  Through the use of time study allocation methodologies, school personnel costs are attributed to Medicaid. The allocation methods and activity codes used must capture the following categories of cost:

  - **Unallowable** – The activity is unallowable as administration under the Medicaid program.

- **100% Medicaid Share** – The activity is solely attributable to the Medicaid program and is not subject to the application of the Medicaid share percentage.

- **Proportional Medicaid Share** – The activity is allowable as Medicaid administrative cost, but the allocable share of the costs must be determined by applying the percentage of the Medicaid eligible population to the total school-based population within the LEA.

- **Reallocated Activities** – Activities that must be reallocated across other codes based on the percentage of time spent on allowable/unallowable administrative activities.

The *proportional Medicaid share* is sometimes referred to as the Medicaid eligibility rate, Medicaid percentage, allocable share, or discount rate. The *proportional Medicaid share* is the number of Medicaid students divided by the total number of students. The *proportional Medicaid share* is then applied to the total cost of a specific activity for which the school district is submitting claims for FFP. This process is necessary to ensure that only costs related to Medicaid eligible children are claimed. (It should be noted that not all activities are subject to the *proportional Medicaid share*; activities such as outreach and facilitating eligibility determination are not discounted).

The same time frames must be used for Medicaid-eligible and total students in the calculations. Allowable Medicaid costs are, then, the product of the *proportional Medicaid share* times the costs to be allocated.

DHS will provide each participating LEA with the number of Medicaid-eligible school-age children within the LEA on a quarterly basis. This will be the numerator for *proportional Medicaid share* for the applicable quarter. Each participating LEA will use the number of students enrolled during the applicable quarter as the denominator.

- **Enhanced FFP** – The enhanced FFP has been available for some school-based services. Two areas are addressed here in the Guide:

  - **Skilled Professional Medical Personnel (SPMP)** – The enhanced 75 percent match rate used to be available for SPMPs **is no longer available**. These professionals who must have completed a two-year program leading to an academic degree or certificate in a medically-related program and must have been engaged in an activity itself that required the use of the professional training and expertise. Although there are employees in LEAs who have the qualifications needed to be considered an SPSM, CMS has determined that their advanced skills and training are not necessary to perform the type of administrative activities that take place in a school setting. Therefore, effective January 1, 2003, FFP was no longer available at the enhanced 75 percent match rate for the costs associated with the activities performed by school-based SPMPs.

  - **Administration of Family Planning Services** – The enhanced 90 percent match rate is only for the "offering, arranging and furnishing" of family planning services. This enhance rated is available for personnel who administer as well as directly provide certain family planning services and supplies. For LEAs that offer and/or arrange for family planning services **but do not actually furnish the services**, the costs for their administrative family planning activities[2] may be claimed at the 50 percent match rate.

- **Provider Participation** – An administrative activity performed in support of medical services not covered by Medicaid is **not** an allowable Medicaid administrative expense. For a medical service to be reimbursable, the provider must be a participating provider and bill Medicaid for the service. If a provider is not participating or chooses not to bill Medicaid for services, then the service as well as the associated administrative expense is **not** allowable. For medical expenses to be reimbursable under Medicaid, the following conditions must be met: (1) the services are furnished to a Medicaid-eligible individual; (2) the services are in the Medicaid State Plan or available and required through EPSDT; (3) the service is not provided free of charge to non-Medicaid eligible individuals; and (4) the provider is a participating provider with the Medicaid program, with a provider agreement and a Medicaid provider identification number, or is a provider of a RIte Care-participating Health Plan.

  An LEA does not have to be a participating Medicaid provider to claim FFP for referring students to a covered medical service in the community. As long as the provider who renders such services participates in Medicaid and the service itself is Medicaid reimbursable, then the referral may be claimed as an administrative expense.

  It is not always administratively efficient for the LEAs to verify for each referral whether a provider is participating in the Medicaid program. DHS and the LEA may develop a methodology to address this. The State/LEA may apply a proportional *provider participation rate* to represent the percentage of referrals made to Medicaid-participating providers. The *provider participation rate* can be used in lieu of having to determine on a case-by-case basis whether the referral is to a Medicaid-participating provider.

- **Individualized Education Program (IEP)** – The Catastrophic Coverage Act of 1988 permitted Medicaid payment for services provided to children under the Individuals with Disabilities Act (IDEA) through an Individualized Education Program (IEP). IDEA provisions require school staff to perform a number of education-related activities that can be characterized as child find activities to identify children with disabilities who need special education and related services, initial evaluation and reevaluation, and development of an IEP. These latter activities are **not** reimbursable as a Medicaid administrative expense. Outreach activities to identify children who are eligible for Medicaid **are** a reimbursable administrative expense.

- **Free Care** – The *free care* principle precludes Medicaid from paying for the costs of Medicaid-covered services and activities that are generally available to all students without charge, and for which no other sources of reimbursement are pursued. Thus,

[2] This type of activity would be reported under Code 9.b. (see Chapter IV of this Guide).

Medicaid cannot reimburse for routine school-based vision and hearing screenings or other preventive services provided free of charge to all students. Medicaid payments may be available for services or activities, if schools: (1) establish a fee for each available service; (2) collect third-party information from all those served; and (3) bill responsible parties.

Medicaid is the payer of last resort. Federal legislation requires Medicaid to be the primary payer for Medicaid services provided to eligible beneficiaries under IDEA, the Women's Infants and Children (WIC) program, or Title V programs, even if these programs do not bill non-Medicaid beneficiaries for services.

Medicaid only **will pay** for EPSDT services specified in the child's IEP, if the same service is provided free of charge to non Medicaid-eligible children. Medicaid reimbursement is **not** available for medical services or activities to make education accessible to children with disabilities.

5. CLAIMING ISSUES

The following are critical requirements for LEAs for claiming FFP:

- **Documentation –** The time study methodology, instructions, and cost allocation requirements issued by DHS to the LEAs stipulate the documentation the LEAs must maintain to support the claims submitted. The documentation for administrative activities must clearly demonstrate that the activities/services directly support the administration of the Medicaid program. The State is required to maintain and retain adequate source documentation to support the Medicaid payments for administrative claiming. The documentation must be sufficiently detailed to permit CMS to determine whether the activities were necessary for the proper and efficient administration of the Medicaid State Plan. The burden of proof and validation of time study results remains the responsibility of the State. While costs must be documented at least monthly, the time studies can occur on a quarterly basis or some other statistically valid time frame. Position descriptions will be considered by the State as supporting documentation for staff participating in time studies.

- **Offset of Revenues –** Certain revenues **must** offset allocation costs, which reduce the total amount of Federal reimbursement. The following are some of the revenue offset categories that must be applied in developing net costs: (1) all Federal funds; (2) all State expenditures that have been previously matched by the Federal Government; (3) insurance and other fees collected from non-governmental sources; (4) all applicable credits (e.g., those receipts or reduction of expenditure type transactions that offset or reduce expense items allocable to Federal award as direct or indirect costs); and (5) a program may not be reimbursed in excess of its actual costs (i.e., a profit cannot be made).

- **Timely Filing Requirements –** A claim for FFP must be filed within a two-year period that begins on the first day of the calendar quarter immediately following the quarter in which the expenditure was made. Federal regulations (45 CFR 95.13(d) specify that the State Medicaid agency's expenditure for administration is made in the quarter the payment was actually made by the State Medicaid agency. In determining the two-year filing limit, the State agency must give consideration to the expenditure reporting cycle. The expenditure is not considered "filed" until it is received by CMS on the CMS-64 Expenditure Report, which is required to be filed 30 days after the end of the reporting quarter. This reduces the apparent amount of time in which the claim can be considered timely filed (because it is 30 days less than the permitted two years).

- **State Law Requirements –** To be allowable for FFP, costs must be authorized or not prohibited under State or local laws or regulations.

- **Contingency Fees –** Medicaid claims for the costs of administrative activities and direct medical services may not include fees for consultant services that are based on, or include, contingency arrangements. Thus, if payments to consultants by school are contingent upon payment by Medicaid, the consultant fee may **not** be used in determining the payments rate of school-based services and/or administration. While not Federally unlawful, paying consultants based on a percentage of billings is cautioned because it may lead to abusive billing practices such as "upcoding".

- **Third-Party Liability (TPL) and Payer of Last Resort –** TPL requirements preclude Medicaid from paying for Medicaid coverable services provided to Medicaid recipients if another payer is legally liable and responsible for providing and paying for the services. The Medicaid program is generally the payer of last resort. This principle is based in Medicaid statute under the TPL provisions and provisions relating to the consideration of an individual's income and resources in determining Medicaid eligibility. As previously indicated, IEP, Title V, and WIC are exceptions to this principle.

- **Transportation As Administration –** It is necessary to distinguish between the direct provision of transportation from those activities that support the provision of transportation services, such as arranging for transportation. The former may be claimed as a direct service and the latter may be claimed as an administrative cost.

- **Use of Billing Companies** – LEAs that contract with billing companies, or similar such entities, to facilitate the compilation of administrative claims on their behalf should be aware that the LEA is liable for any work performed by billing companies in compiling those claims. LEAs must assure that the any billing companies, or similar such entities, used to facilitate the compilation of administrative claims adhere to this Guide in any work performed on the LEA's behalf.

III.

TIME STUDY

A time study of school personnel will be the primary method used by the LEAs to determine the appropriate administrative costs that are attributable to the Medicaid program.

1. SAMPLE UNIVERSE

A basic step in the development of an approvable time study is the determination of the sample universe (i.e., which staff will participate in the time study). Medicaid administrative activities may be performed by LEA employees who also provide direct medical services (e.g., nurses physical therapists, and educational staff). If the costs of such staff are completely offset, then there is no purpose to include them in the sample universe. Only staff members for whom costs remain after applicable offsets should be included in the sample universe. It also may be appropriate to exclude medical staff who provide a specific service (e.g., screening conducted by an audiologist), are paid on a fixed fee basis, and do not perform any administrative activities.

A review of job descriptions may be helpful in determining who should be included in the time study. A list of job titles and staff who perform Medicaid administrative activities and are included in the sample universe must be maintained. The sampling universe must include all non- support staff whose costs are to be allocated.

It is likely that the following LEA employees will be included in the time study:

- **Skill Professional Medical Personnel** such as: Psychiatrics, Psychologists, Physicians, Speech Therapists, Occupational Therapists, Physical Therapists, Registered and Licensed Practical Nurses, Audiologists/Hearing Impaired/Vision Specialists, and Assistants

- **Other Medical And Service Personnel** such as Social Adjusters, Social Workers, and Case Managers

Direct support staff in special education, pupil support services, and nursing (such as directors, administrators, team leaders chairpersons clerical, and technical support staff) should not be included in the time study. Their costs will be allocated based on the results of the staff participating in the time study.

2. SAMPLING PLAN METHODOLOGY

Given the expected size of the sample universe of LEA personnel in Rhode Island, all LEA personnel in the sample universe are expected to participate in the time study for five consecutive days (these days are referred to as the "logging days") for each of the three quarters that school is in session. These quarters include: October–December, January-March, and April-June. A weighted average of the data from these three quarters will be used for the fourth quarter, when the schools are not in session (July-September).

The time study methodology for addressing the summer period must reflect the practices of the LEA. The results of the time studies performed during the regular school year may be applied to allocate the associated costs paid during the summer. In general, this is acceptable if the administrative activities are not actually performed during the summer break, but salaries are pro-rated over the year and paid during the summer break. However, if administrative activities are actually performed during the summer period, the application of the time study from the regular school year would not accurately reflect the costs associated with the summer activities. In this case, a time study also would have to be conducted during the summer period.

An LEA may request of DHS in writing that a random sample of the universe of LEA personnel be used, rather than the entire sample universe. Any such request from an LEA shall be accompanied by a description of the sampling plan methodology in sufficient detail to permit DHS to make a reasonable determination as to the adequacy of the methodology in meeting the requirements of this Guide. The random sample of the time study must achieve a 95 percent confidence level, with plus or minus 3 percent precision. It is recommended that the LEA over-sample to ensure an adequate number of responses. Non-responses should be considered non-Medicaid activities.

3. STAFF TRAINING

All staff in the sample universe must be adequately trained before the time study begins. Training must cover all aspects of the sampling process and conduct of the time study itself. Staff must be clear on how to complete the form, how to report activities under the appropriate time study code, what the differences are between health-related and other activities, and where to obtain technical assistance if questions arise during the sampling period. Professional staff must understand the distinctions between the performance of administrative activities and the direct provision of medical services. There must be a mechanism in place to assess the training and to revise the training as required.

4. TIME STUDY SHEET

The LEA personnel selected for the time study will complete a Time Study Sheet each day.

A Time Study Director will be selected by each LEA to coordinate the time study. The Director will distribute the Time Study Sheets daily to selected staff.

The LEA personnel selected for the time study must complete all sections of the Time Study Sheet daily, including the:

- **Staff Name** – This will be posted on the Time Study Sheet prior to distribution
- **LEA** – The name of the LEA/School District
- **Social Security Number** or **School District Employee Number**
- **Job Position Number** – This will be posted on the back of the Time Study Sheet
- **Date** – Completing the Time Study Sheet
- **Activities Performed During The Time Study Period** – Predefined activity codes will be used to indicate the activities that the personnel worked on during the day. These will be discussed in greater detail in the next chapter.
- **Signature** – Each Time Study Sheet must be signed by the school personnel

The LEA personnel participating in the time study must fill in the appropriate blanks of the Time Study Sheet with a #2 pencil. The entire bubble must be filled in. No "white-out" may be used on the Time Study Sheet, nor shall staples be used on the Time Study Sheet. The Time Study Sheet also should **not** be folded. If any school personnel are absent on the logging day due to personal leave, illness, vacation, or school cancellation, their Time Study Sheets still must be filled out nonetheless and the day charged to the General Administration activity code. LEA personnel are not required to tabulate the responses or to calculate the total time spent on a particular activity codes.

The time study participants should fill in only one bubble per 15-minute interval. The activity should represent the predominant activity that was performed during that 15-minute interval (i.e., the activity the participant spent the most amount of time on during that 15-minute interval.) One bubble must be filled in for each 15-minute increment during the workday. The activity codes are designed to account for all the activities performed during the day including lunch, breaks, etc. At the end of each **day or week** sampled, the school personnel will photocopy their Time Study Sheet and retain it for their own records. The original copy of the Time Study Sheet should be given to the Time Study Director at the end of each time study **day or week**.

5. TIME STUDY MONITORING

The Time Study Director will be responsible for assuring that:

- All LEA personnel selected for the Time Study handed in a Time Study Sheet each **day or week**
- All sections of the Time Study Sheet are completed

- All 15-minute increments/intervals are accounted for and marked

- All markings are legible, clear, and made with a #2 pencil, otherwise the Time Study Sheet must be redone

- A Time Study Sheet is completed for staff members who were selected for the Time Study, but were not in school that day

- The Time Study Sheet is signed and dated by the school personnel

The Time Study Director must get back with the LEA personnel on a **daily or weekly** basis when problems are found with the Time Study Sheets to correct them.

DHS will monitor the LEAs to assure compliance with the sampling methodology and to ensure that the time study is statistically valid (i.e., 95 percent confidence level or higher).

6. USE OF ELECTRONIC TIME STUDIES

LEAs may conduct their time studies electronically (e.g., on-line), as opposed to using a hard-copy Time Study Sheet. LEAs using electronic time study methods must specify procedures that ensure:

- Information is collected on a daily basis
- The time study is appropriately monitored
- Information submitted is protected in a secure environment
- Information submitted is attested to for accuracy by time study participants

7. TIME STUDY DOCUMENTATION

Documentation must be retained on the time study including: determining the sample universe, the actual sample selections (if any), sample results (if a sample is used), sample forms and work sheets, cost data for each LEA, and summary sheets showing how each LEA's claim was compiled.

When a portion of an employee's time is also billed as a medical service, then the administrative time study results should be validated by comparing the time coded to direct medical services to the actual number of hours billed directly.

The original Time Study Sheets and the position descriptions of the staff need to be retained by the LEA for seven years for audit purposes, to assure that the activities performed were for the proper and efficient administration of the Medicaid State Plan.

LEAs that perform time studies electronically must have a plan in place to back-up all information submitted electronically on a daily basis, and back-up files must also be maintained for seven years. If administrative claims are also compiled electronically, back-up files must be maintained for seven years.

IV.

ACTIVITY CODES

All LEAs will use a standard list of activities with uniform definitions in the Time Study. Exhibit III identifies the codes that will be used in the time study to determine Medicaid administrative costs for claiming FFP. The staff should include under each code the time spent on paper work, clerical activities, travel time, participating in training events, or providing translation services required to perform each activity.

EXHIBIT III

ACTIVITY CODES

CODE	ACTIVITY	ALLOCATION METHOD	ALLOWABILITY OF COSTS
1.a.	Non-Medicaid Outreach	Time Study	Unallowable
1.b.	Medicaid Outreach	Time Study	Allowable
2.a.	Facilitating Application for Non-Medicaid Programs	Time Study	Unallowable
2.b.	Facilitating Medicaid Eligibility Determination	Time Study	Allowable
3.	School-Related and Educational Activities	Time Study	Unallowable
4.	Direct Medical Services	Time Study	Unallowable
5.a.	Transportation for Non-Medicaid Services	Time Study	Unallowable
5.b.	Transportation for Medicaid Services	Time Study and Proportional Medicaid Share	Allowable
6.a.	Non-Medicaid Translation	Time Study	Unallowable
6.b.	Translation Related to Medicaid Services	Time Study and Proportional Medicaid Share	Allowable
7.a.	Program Planning, Policy Development, And Interagency Coordination Related To Non-Medical Services	Time Study	Unallowable
7.b.	Program Planning, Policy Development, And Interagency Coordination Related To Medical Services	Time Study and Proportional Medicaid Share	Allowable
8.a.	Non-Medical/Non-Medicaid Related Training	Time Study	Unallowable
8.b.	Medical/Medicaid Related Training	Time Study and Proportional Medicaid Share	Allowable
9.a	Referral, Coordination, And Monitoring Of Non-Medicaid Services	Time Study	Unallowable
9.b.	Referral, Coordination, And Monitoring Of Medicaid Services	Time Study and Proportional Medicaid Share	Allowable
10.	General Administration	Reallocated Based on Time Study	Allowable

The following describes the activity codes.

1. **NON-MEDICAD OUTREACH (CODE 1.a.)**

Non-Medicaid Outreach is an unallowable administrative cost, regardless of whether or not the population served includes Medicaid-eligible individuals. Staff should use this code when performing activities that inform individuals about their eligibility for non-Medicaid social, vocational, and educational programs, the benefits of these programs, and how to access them.

Examples of Non-Medicaid Outreach activities include:

- Informing families about wellness programs and how to access these programs
- Scheduling and promoting activities that educate individuals about the benefits of healthy lifestyles and practices
- Conducting general health education programs or campaigns that address lifestyle changes in the general population (e.g., dental prevention, anti-smoking, alcohol reduction, etc.)
- Conducting outreach campaigns that encourage persons to access social, educational, legal, or other services not covered by Medicaid
- Assisting in early identification of children with special medical/dental/mental health needs through various child find activities
- Outreach activities that support programs that are 100 percent funded by State general revenue
- Distributing outreach materials such as brochures or handbooks for these programs
- Distributing outreach materials regarding the benefits and availability of these programs

2. MEDICAID OUTREACH (CODE 1.b.)

Medicaid Outreach refers to an activity that is 100 percent allowable as an administrative Medicaid cost and is reimbursable at 50 percent FFP. LEA staff should use this code when performing activities that inform eligible or potentially eligible individuals about Medicaid and how to access the program.

Examples of Medicaid Outreach activities include:

- Informing Medicaid eligible and potential Medicaid eligible children and families about the benefits and availability of services provided by Medicaid (including preventive treatment and screening), including services provided through the EPSDT program

- Developing and/or compiling materials to inform individuals about the Medicaid program (including EPSDT) and how and where to obtain those benefits.[3] LEA-developed outreach materials should have prior approval from DHS.

- Distributing literature about the benefits, eligibility requirements, and availability of the Medicaid program, including EPSDT

- Assisting DHS to fulfill the outreach objectives of the Medicaid program by informing individuals, students and their families about resources available through the Medicaid program

- Providing information about EPSDT screening (e.g., dental and vision) in schools that will help identify medical conditions that can be corrected or improved by services offered through the Medicaid program

- Contacting pregnant and parenting teenagers about the availability of Medicaid prenatal and well-baby care programs and services

- Providing information regarding RIte Care and RIte Share, and RIte Care Health Plans to individuals and families and how to access them

- Encouraging families to access medical/dental/mental health services provided by the Medicaid program

3. FACILITATING APPLICATION FOR NON-MEDICAID PROGRAMS (CODE 2.a.)

Facilitating Application for Non-Medicaid Programs is an unallowable Medicaid administrative cost, regardless of whether or not the population served includes Medicaid-eligible individuals. Staff should use this code when informing an individual or his/her family about and referring them to apply for such programs as Family Independence Program (FIP), Supplemental Security Income (SSI), Food Stamps, WIC, child care, legal aid, and other social and educational programs.

Examples of Facilitating Application for Non-Medicaid Programs include:

- Explaining the eligibility process for non-Medicaid programs, including IDEA

- Assisting the individual or family collect/gather information and documents for non-Medicaid program applications

- Assisting the individual or family in completing an application, including necessary translation activities

[3] This activity should not be used when Medicaid-related materials are already available to the schools (such as through DHS).

- Developing and verifying eligibility for the Free and Reduced Lunch Program
- Developing and verifying initial and continued eligibility for non-Medicaid programs
- Providing the necessary forms and packaging all forms in preparation for the non-Medicaid eligibility determination

4. FACILITATING MEDICAID ELIGIBILITY DETERMINATION (CODE 2.b.)

Facilitating Medicaid Eligibility Determination refers to an activity that is 100 percent allowable as an administrative Medicaid cost and is reimbursable at 50 percent FFP. LEA staff should use this code when assisting individuals in the Medicaid eligibility process.

Examples of Facilitating Medicaid Eligibility Determination include:

- Verifying an individual's current Medicaid eligibility status for purposes of the Medicaid eligibility process
- Explaining Medicaid eligibility rules and the Medicaid eligibility process to prospective applicants
- Assisting individuals and families to complete a Medicaid eligibility application
- Gathering information required for the Medicaid application and eligibility determination for an individual, including resource information and third-party liability (TPL) information, as a prelude to submitting a formal Medicaid application
- Providing the necessary forms and packaging all forms in preparation for the Medicaid eligibility determination
- Referring an individual or family to the local DHS office to make application for Medicaid benefits
- Assisting the individual or family in collecting/gathering required information and documents for the Medicaid application
- Participating as a Medicaid eligibility outreach station, but this does not include determining eligibility

5. SCHOOL-RELATED EDUCATIONAL ACTIVITES (CODE 3)

School-Related Educational Activities are an unallowable Medicaid administrative cost, regardless of whether or not the population served includes Medicaid-eligible individuals. This code should be used for school-related activities, including social services, education services, teaching services, employment and job training, and other non-Medicaid related activities. This code also should be used when conducting activities related to the development, coordination, and monitoring of a student's educational plan

Examples of School-Related Educational Activities, including related paperwork, clerical activities, and staff travel time required to perform them, include:

- Providing classroom instruction (including lesson planning)
- Testing and correcting papers
- Developing, coordinating, and monitoring the IEP for a student, which includes ensuring annual reviews of the IEP are conducted, parental sign-offs are obtained, and the actual IEP meetings with parents[4]
- Compiling attendance reports
- Performing activities that are specific to instructional, curriculum, and student-focused areas
- Reviewing the education record of students who are new to the school district
- Providing general supervision of students (e.g., playground, lunchroom, etc.)
- Monitoring student achievement
- Providing individualized instruction (e.g., math concepts) to a special education student
- Conducting external relations related to school educational issues/matters
- Compiling report cards
- Carrying out discipline
- Performing clerical activities related to instructional or curriculum areas
- Activities related to educational aspects of meeting immunization requirements for school attendance
- Compiling, preparing, and reviewing reports on textbooks or attendance
- Enrolling new students or obtaining registration information

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[4] If appropriate, this would also refer to the same activities performed in support of an Individualized Family Service Plan (IFSP).

- Conferring with students or parents about discipline, academic matters, or other school-related issues

- Evaluating curriculum and instructional services, policies, and procedures

- Participating in or presenting training related to curriculum or instruction (e.g., language arts workshop, computer instruction, etc.)

- Translating an academic test for a student

6. DIRECT MEDICAL SERVICES (CODE 4)

This is an unallowable cost as a Medicaid administrative expense. The allowable costs associated with this code are reimbursed as a direct medical expense. Staff should use this code when providing care, treatment, and/or counseling services to individuals. Staff also should use this code when providing administrative activities that are an integral part of or an extension of a medical service (e.g., patient follow-up, assessment, counseling, education, parent consultation, and billing).

Examples of Direct Medical Services, including related paperwork, clerical activities, and staff travel time required to perform them, include:

- Providing health/ mental health services contained in the IEP

- Medical/health assessment and evaluation as part of development of an IEP

- Conducting medical/health assessments/evaluations and diagnostic testing and preparing related reports

- Providing personal aide services

- Providing speech, occupational, physical, and other therapies

- Administering first aid or prescribed injections or medication to a student

- Providing direct clinical/treatment services

- Performing developmental assessments

- Providing counseling services to treat health, mental health, or substance abuse conditions

- Developing a treatment plan (medical plan of care) for a student, if provided as medical service

- Performing routine or mandated child health screens including, but not limited to vision, hearing, dental, scoliosis, and EPSDT screens

- Providing immunizations

- Providing Targeted Case Management

- Transportation

- Activities that are services, or components of services, listed in the Rhode Island Medicaid State Plan

7. TRANSPORTATION FOR NON-MEDICAID SERVICES (CODE 5.a.)

Transportation for Non-Medicaid Services is an unallowable cost, regardless of whether or not the population served includes Medicaid-eligible individuals. LEA staff should use this code when assisting an individual obtain or accompanying an individual on transportation trips for services not covered by Medicaid.

An example of Transportation for Non-Medicaid Services, including related paperwork, clerical activities, and staff travel time required to perform them, includes the scheduling and arranging for transportation to other services such as vocational, social, or educational activities.

8. TRANSPORTATION-RELATED ACTIVITIES IN SUPPORT OF MEDICAID COVERED SERVICES (CODE 5.b)

This is an allowable administrative expense, but the allocable portion of the *proportional Medicaid share* must be applied. The *proportional Medicaid share* is reimbursed at 50 percent of FFP. Staff should use this code when assisting an individual to obtain transportation to Medicaid-covered services. This activity should not include the provision of the transportation since that is a direct cost.

An example of Transportation-Related Activities in Support of Medicaid Covered Services, including paperwork, clerical activities, and staff travel time required to perform them, includes the scheduling or arranging for transportation to Medicaid-covered services.

9. NON-MEDICAID TRANSLATION (Code 6.a.)

Non-Medicaid Translation is an unallowable Medicaid administrative cost, regardless of whether or not the population served includes Medicaid-eligible individuals. This code should be used for LEA staff who provide translation services for non-Medicaid activities.

Examples of Non-Medicaid Translation[5], including related paperwork, clerical activities, or staff travel time required to perform them, include:

- Arranging for or providing translation services (oral or signing services) that assist the individual to access and understand social, educational, or vocational services

- Arranging for or providing translation services (oral or signing services) that assist the individual to access and understand State education or State-mandated health screenings (e.g., vision, hearing, or scoliosis) and general health education outreach campaigns intended for the student population

- Developing translation material that assist individuals to access and understand social, educational, and vocational services

10. TRANSLATION RELATED TO MEDICAID SERVICES (Code 6.b.)

Translation Related to Medicaid Services is an allowable administrative expense, but the allocable portion of the *proportional Medicaid share* must be applied. The *proportional Medicaid share* is reimbursed at 50 percent of FFP, if it is not included and paid for as part of a Medicaid-covered service. LEA staff who provide Medicaid translation services should use this code. However, translation must be provided either by separate units or separate staff performing solely translation function for the LEA and it must facilitate access Medicaid-covered services.[6]

Examples of Translation Related to Medicaid Services[7], including related paperwork, clerical activities, or staff travel time required to perform them, include:

- Arranging for translation services (oral and signing services) that assist the individual to access and understand necessary care or treatment covered by Medicaid

- Developing translation materials that assist individuals to access and understand necessary care or treatment covered by Medicaid

11. PROGRAM PLANNING, POLICY DEVELOPMENT, AND INTERAGENCY COORDINATION RELATED TO NON-MEDICAL SERVICES (CODE 7.a)

Program Planning, Policy Development, and Interagency Coordination Related to Non-Medical Services are an unallowable administrative expense and are not reimbursable under the Medicaid program. LEA staff should use this code when performing activities associated with developing strategies to improve the coordination and delivery of non-medical services to school-age children. Non-medical services may include social services; educational services, vocational

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[5] These activities may be reported under this code, or as an example within one or more other non-Medicaid activity codes (e.g., 1.a.).
[6] The LEA does not need to have a separate administrative claiming unit for translation.
[7] These activities may be reported under this code, or as an example within one or more other Medicaid activity codes (e.g., 1.b.).

services, and State education mandated child health screenings provided to the general school population. Employees whose position descriptions include program planning, policy development, and interagency coordination should use this code when conducting non-medical related activities.

Examples of Program Planning, Policy Development, and Interagency Coordination Related to Non-Medical Services, including related paperwork, clerical activities, and staff travel required to perform them, include:

- Identifying gaps or duplication of non-medical services (e.g. social, vocational, educational, and State-mandated general health programs) to school-age children and developing strategies to improve the delivery and coordination of these services

- Developing strategies to assess or increase the capacity of non-medical school programs

- Monitoring the non-medical delivery systems in schools

- Developing procedures for tracking families' requests for assistance with non-medical services and the providers of such services

- Evaluating the need for non-medical services related to specific populations or geographic areas

- Analyzing non-medical data related to a specific program, population, or geographic area

- Working with other agencies providing non-medical services to improve the coordination and delivery of services and to improve collaboration around the early identification of non-medical problems

- Defining the relationship of each agency's non-medical services to one another

- Developing advisory or work groups of professionals to provide consultation and advice regarding the delivery of non-medical services and State-mandated screenings to the school populations

- Developing non-medical referral sources

- Coordinating with interagency committees to identify, promote, and develop non-medical services for the LEA

12. PROGRAM PLANNING, POLICY DEVELOPEMNT, AND INTERAGENCY COORDINATION RELATED TO MEDICAL SERVICES (CODE 7.b)

Program Planning, Policy Development, and Interagency Coordination Related to Medical Services are an allowable administrative expense, but the allocable portion of the *proportional Medicaid share* must be applied. The *proportional Medicaid share* is reimbursed at 50 percent of

FFP. LEA staff should use this code when performing activities associated with the development of strategies to improve the coordination and delivery of medical/dental/mental health services to school-age children and when performing collaborative activities with other agencies or providers. Employees whose position descriptions and responsibilities include program, policy development, and interagency coordination should use this code.

Examples of Program Planning, Policy Development, and Interagency Coordination, including related paperwork, clerical activities, and staff travel time required to perform them, include:

- Identifying gaps or duplication of medical/dental/mental services to school-age children and developing strategies to improve the delivery and coordination of these services
- Developing strategies to assess or increase the capacity of school medical/dental/mental programs
- Monitoring the medical/dental/mental health delivery systems in schools
- Developing procedures for tracking families' request for assistance with medical/dental/mental health services and providers, including Medicaid. (This does not include the actual tracking of requests for Medicaid services)
- Evaluating the need for medical/dental/mental health services in relation to a specific populations or geographic areas
- Analyzing Medicaid data related to a specific program, population, or geographic area
- Working with other agencies and/or providers that provide medical/dental/mental health services to improve the coordination and delivery of services, to expand access to specific populations of Medicaid eligible, and to increase provider participation and improve provider relations
- Working with other agencies and/or providers to improve the collaboration around the early identification of medical/dental/mental health problems
- Defining strategies to assess or increase the cost-effectiveness of school medical/dental/mental health programs
- Defining the relationship of each agency's Medicaid services to one another

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- Working with Medicaid resources (e.g., DHS or RIte Care Health Plans) to make good faith efforts to locate and develop EPSDT health services referral relationships
- Developing advisory or work groups of health professionals to provide consultation and advice regarding the delivery of health care services to the school population

- Working with DHS to identify, recruit, and promote the enrollment of potential Medicaid providers

- Developing medical referral sources such as directories of Medicaid providers and Health Plans that provide services to targeted population groups (e.g. EPSDT)

- Coordinating with interagency committees to identify, promote, and develop EPSDT services in the LEA

13. NON-MEDICAL/NON-MEDICAID RELATED TRAINING (Code 8.a.)

Non-Medical/Non-Medicaid is an unallowable administrative expense and is not reimbursable under the Medicaid program. LEA staff should use this code when coordinating, conducting, or participating in training events and seminars for outreach staff regarding the benefit of the programs other than the Medicaid program. For example, training may include how to assist families to access the services of education programs and how to more effectively refer students for these services.

Examples of Non-Medical/Non-Medicaid Related training, including related paperwork, clerical activities, and staff travel required to perform them, include:

- Participating in or coordinating training that improves the delivery of services for programs other than Medicaid

- Participating in or coordinating training that enhances IDEA child find programs

14. MEDICAL/MEDICIAD RELATED TRAINING (Code 8.b)

Medical/Medicaid Related Training is an allowable administrative expense, but the allocable portion of the *proportional Medicaid share* must be applied. The *proportional Medicaid share* is reimbursed at 50 percent of FFP. LEA staff should use this code when coordinating, conducting, or participating in training events and seminars for outreach staff regarding the benefits of medical/Medicaid related services, how to assist families to access such services, and how to more effectively refer students for services.

Examples of Medical/Medicaid Related Training, including related paperwork, clerical activities, and staff travel required to perform them, include:

- Participating in or coordinating training that improves the delivery of medical/Medicaid related services

- Participating in or coordinating training that enhances early identification, intervention, screening, and referral of students with special health needs to such services (e.g., Medicaid EPSDT services)[8]

[8] This is distinguished from IDEA child find services.

- Participating in training on administrative requirements related to medical/Medicaid services

15. REFERRAL, COORDINATION, AND MONITORING OF NON-MEDICAID SERVICES (CODE 9.a)

Referral, Coordination, and Monitoring of Non-Medicaid Services[9] is an unallowable administrative expense and is not reimbursed under the Medicaid program. School staff should use this code when they are making referrals for, coordinating, and/or monitoring the delivery of non-medical services of students, such as educational services.

Examples of Referral, Coordination and Monitoring of Non-Medicaid Services, including related paperwork, clerical activities, and staff travel required to perform them, include:

- Making referrals for and coordinating access to social and educational services (e.g., child care, employment, job training, housing, etc.)

- Making referrals for, coordinating, and/or monitoring the delivery of child health screens (e.g. vision, hearing, scoliosis, etc.) required the jointly promulgated *Rules and Regulations for School Health Programs* (R16-21-SCHO)

- Making referrals for, coordinating, and monitoring the delivery of scholastic, vocational, and other non-health related examinations

- Gathering any information that may be required for these non-Medicaid related referrals.

- Participating in a meeting/discussion to coordinate or review a student's need for scholastic, vocational, and non-health related services not covered by Medicaid

- Monitoring and evaluating the non-medical components of the IEP, as appropriate

16. REFERRAL, COORDINATION, AND MONITORING OF MEDICAID SERVICES (CODE 9.b)

Referral, Coordination, and Monitoring of Medicaid Services is an allowable administrative expense, but the allocable portion of the *proportional Medicaid share* must be applied. The *proportional Medicaid share* is reimbursed at 50 percent of FFP. Staff should use this code when making referrals for, coordinating, and/or monitoring activities related to services in an IEP. Activities that are part of a direct service are not claimable as an administrative activity. Furthermore, activities that are an integral part of or an extension of a direct service (e.g., patient follow-up, patient assessment, patient counseling, patient education, and patient consultation

[9] It should be noted that case management as an administrative activity involves the facilitation of access and coordination of program services. Such activities may be provided under the term Case Management, or may also be referred to as Referral, Coordination, and Monitoring of Non-Medical Services. Case management may also be provided as an integral part of the service and would be included in the service cost.

activities) should be reported as Direct Medical Services (Code 4). Activities related to the development of an IEP should be reported as Code 3, School-Related Educational Activities.

Examples of Referral, Coordination, and Monitoring of Medicaid Services[10], including related paperwork, clerical activities, and staff travel necessary to perform them, include:

- Identifying and referring adolescents who may be in need of Medicaid family planning
- Making referrals for and/or coordinating medical or physical examinations and necessary medical, dental, and mental health evaluations
- Making referrals for and/or scheduling EPSDT screens, interperiodic screens, and appropriate immunizations, but do not include State-mandated health services
- Referring students for necessary medical, mental health, or substance abuse services covered by Medicaid
- Arranging for any Medicaid-covered medical/dental/mental health diagnostic or treatment services that may be required as a result of a specifically identified medical/dental/mental health condition
- Gathering any information that may be required in advance of medical/dental/mental health referrals

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- Participating in a meeting/discussion to coordinate or review a student's needs for health-related services covered by Medicaid
- Providing follow-up contact to ensure a child has received the prescribed medical/dental mental health service covered by Medicaid
- Coordinating the delivery of community based medical/dental/mental health services for a child with special health care needs
- Coordinating the completion of the prescribed services, termination of services, and the referral of the child to other Medicaid service providers as may be required to provide continuity of care

[10] *Ibid.*

- Providing information to other staff on the child's related medical/dental/mental health services and plans

- Monitoring and evaluating the Medicaid service components of the IEP, as appropriate

- Coordinating the medical/dental/mental health service provision with managed care organizations (MCOs), as appropriate

17. GENERAL ADMINISTRATION (CODE 10)

General Administration is an allowable administrative cost determined by reallocating the costs across the other activities based on the results of the time study. Time study participants should use this code when performing activities that are not directly assignable to the other program activities noted above. Lunch, breaks, leave, and other paid time when not at work may be accounted for under this code. Certain functions such as payroll, developing budgets, and executive direction are only allowable through the application of an indirect cost rate and should not be accounted for under this code.

Examples of General Administration activities, including related paperwork, clerical activities, and staff travel required to perform them, include:

- Taking lunch, breaks, leave, or other paid time not worked

- Establishing goals and objectives of health-related programs for the school's annual or multi-year plan

- Reviewing school or district procedures and rules

- Attending school staff meetings, training, or board meetings

- Performing administrative or clerical activities related to general building or district functions or operations

- Providing general supervision of staff, including supervision of students teachers or classroom volunteers, and evaluation of employee performance

- Reviewing technical literature and research articles

- Other general administrative activities of a similar nature as listed above that cannot be specifically identified under other activity codes

V.

MEDICAID ADMINISTRATIVE COST CALCULATIONS

This chapter describes how to determine the allowable administrative cost that is attributable to the Medicaid program.

1. TIME STUDY RESULTS

Initially, the percentage of time spent on each activity in relation to the total time available will be calculated. Exhibit IV is a Time Study Summarization Form, which may be used to calculate the percentage of time spent on each activity. In calculating the percentages, LEA-specific work requirements should be taken into account (e.g., staff work 1,785 minutes per week, 29.75 hours per week, 357 minutes per day, and 5.95 hours per day).

The amount of time spent of General Administration (Code 10), denoted by the ** in Exhibit IV, must be reallocated across the other codes based on the time spent on the other activities. The reallocated percentage (the far-right column) will be used for calculating the administrative claim.

EXHIBIT IV

TIME STUDY SUMMARIZATION FORM

TIME PERIOD: ________________

ACTIVITY CODE	TOTAL NUMBER OF MINUTES PER ACTIVITY CODE	TOTAL NUMBER OF STAFF	TOTAL NUMBER OF MINUTES WORKED PER WEEK	PERCENTAGE OF TIME SPENT PER ACTIVITY CODE	REALLOCATED PERCENTAGE OF TIME SPENT PER ACTIVITY CODE
1.a.					
1.b.					
2.a.					
2.b.					
3.					
4.					
5.a.					
5.b.					
6.a.					
6.b.					
7.a.					
7.b.					
8.a.					
8.b.					
9.a.					
9.b.					
10			**		
TOTAL	*		*	100 %	

* These totals should equal

2. STAFF COSTS

The data on the actual costs of the staff participating in the time study should be gathered. These actual staff costs include:

- Salaries
- Fringe Benefits And Related Payments (e.g., health insurance, life insurance, pension, 401(k) contributions, worker's compensation insurance, unemployment insurance, Medicare, and FICA, if applicable)
- Other Direct Staff Costs

The LEA should determine the costs for that quarter for every staff member participating in the time study as well as for all the direct support staff who did not participate in the time study, whose costs will be allocated based on the results of the time study. It may be easier for the LEA to determine the staff costs on an annual basis and, then, allocate a one-fourth of the costs to the reported quarter, assuming that the costs do not vary among quarters.

Any lump sum staff cost payments (e.g., retirement benefits) should be included in the quarter in which such costs are incurred.

Exhibit V provides a sample Staff Cost Report.

3. PRIVATE SPECIAL EDUCATION SCHOOLS

For Private Special Education Schools, the health-related portion of the quarterly tuition is captured by taking the quarterly day school tuition payment plus the quarterly residential school; tuition payments are, then, reduced by a State-wide room and board discount factor multiplied by the State-wide health-related percentage per job position group. The allowable health-related portion of tuition costs is allocated to the appropriate job position grouping, which is subject to the time study results.

EXHIBIT V

STAFF COST REPORT

(A) TIME STUDY STAFF: ________________________________

(B) DIRECT SUPPORT STAFF: ___________________________

CALCULATION/REPORTING PERIOD: __________________

STAFF NAME	JOB CODE	(1) SALARY	(2) FRINGE BENEFIT COSTS	(3) OTHER DIRECT COSTS	(4) TOTAL COSTS
		$	$	$	$
Total		**$**	**$**	**$**	**$**

4. RESTRICTED FEDERAL FUNDS

Restricted Federal funding should be deducted from the actual expenses. Only local, State, and Federal sources should be included in the claim calculations,

5. CAPITAL COSTS

The following describes how to treat the capital costs for claiming reimbursement for administrative expenses associated with Medicaid:

- **BUILDING AND FIXED ASSETS –** Identify the current annual value of the LEA's building and fixed assets. Then, identify the square footage in the LEA for the space occupied by the staff in the job positions categories included in the time study. Identify the school's total square footage. In the event that space is used for multiple purposes, only include the allocated percentage of square footage directly related to the actual time usage by the staff participating in the time study. Multiple the total building and fixed valuation by the percentage of the square feet occupied by the staff participating in the time study. Multiply this amount by 2 percent.

- **MAJOR MOVABLE EQUIPMENT –** Identify the current annual value of major movable equipment used by the staff in the job positions categories included in the time study. Multiple this amount by 6.67 percent.

  Building, fixed, and major movable valuations shall be based on the acquisition cost of the assets involved. A reasonable estimate of the original acquisition cost may be used when actual cost records have not been maintained. The asset valuation shall exclude: (1) the land cost, (2) any portion of the school building or equipment cost that is used to satisfy a Federal matching requirement, and (3) the annual use allowance calculation for buildings and fixed equipment computed at an annual rate not exceeding 2 percent of the acquisition cost. The annual allowance calculation for major movable equipment will be computed at an annual rate not to exceed 6.67 percent of the acquisition cost.

  Assets included in this calculation must be supported by adequate property records. Municipalities must manage equipment in accordance with State laws and procedures. Physical inventories must be taken at least once every two years (a statistical sampling approach is acceptable) to ensure that assets exist and are in use.

- **INTEREST EXPENSES –** Identify the LEA's current interest expense associated with school building acquisition, construction, remodeling, and equipment. Allowable interest must meet the following criteria: (1) the financing is provided by a bona fide third party external to the municipality or LEA, (2) the assets are used in support of the Medicaid Program, and (3) earnings on debt service reserve funds are used to offset the current period's internal costs.

The calculated amounts for building/fixed assets, major movable equipment, and interest expenses will be added to determine the annual gross claim amount for capital. The annual amount will, then, be divided by 4 to calculate the quarterly amount.

Exhibit VI provides a sample Capital Calculation Form.

EXHIBIT VI

CAPITAL CALCULATION FORM

EXPENSES	(1) TOTAL COST	(2) SQ. FT. %	(3) APPLICABLE COST	(4) FACTOR %	(5) CLAIMABLE COST
(a) Building/Fixed Assets	$	%	$	2%	$
(b) Major Movable Assets for Job Position Groups	$	%	$	6.67%	$
(c) Interest Expenses	$	%	$	%	$
(d) Annual Capital Expenses (a + b + c)	$		$		$
(e) Percentage of Medicaid Personnel Costs to Total LEA Personnel Costs		%			
(f) Health-Related Portion of Capital Expenses (d x e)					$
(g) Quarterly Health-Related Capital Expenses (f / 4)					$

The LEA must identify the most recent unrestricted indirect cost rate for Federal grants by contacting RIDE (Rhode Island Department of Education).

6. CALCULATING THE CLAIM

Exhibit VII provides a sample Claim Calculation Form to determine the allowable administrative Medicaid costs. The following are the major steps.

- **Step 1** – Take the far-right column (Reallocated Percentage of Time Spent per Activity Code) from the Time Study Summarization Form (Exhibit IV) and copy it to Column 1 on the Claim Calculation Form (Exhibit VII)

- **Step 2** – Multiple the total quarterly staff cost for staff participating in the time study (Column 4 total in Exhibit IV-A) by the reallocated time percentages in Column 1 and put the results in Column 2.

- **Step 3** – Multiple the total quarterly direct support staff cost (Column 4 in Exhibit V-B) by the reallocated time percentage in Column 1 and put the results in Column 3.

- **Step 4** – Multiply the Quarterly Health-Related Capital Expenses (Column 5 in Exhibit VI) and, then, multiple the result by the reallocated percent of time in Column 1 and put the results in Column 4.

- **Step 5 –** Add Columns 2, 3, and 4 to obtain the Total Cost Pool for each activity and put the results in Column 5.

- **Step 6** – Apply the *proportional Medicaid share* percentage (the ratio of the Medicaid population to the total school population) to Activity Codes 5.b., 6.b., 7.b, 8.b., and 9.b. to obtain a Proportional Medicaid Share Cost and put this in Column 6. The Total Cost Pool (Column 5) and Gross Claim Amount (Column 6 should the same, **except** for Activity Code 7.b. Program Planning, Policy Development and Interagency Coordination Related to Medical Services.

EXHIBIT VII

CLAIM CALCULATION FORM

ACTIVITIES	(1) REALLOCATED % OF TIME	(2) TIME STUDY STAFF COST	(3) DIRECT SUPPORT STAFF COST	(4) CAPITAL COST	(5) TOTAL COST POOL	(6) GROSS CLAIM AMOUNT
1.a.	%	$	$	$	$	$
1.b.						
2.a.						
2.b.						
3.						
4.						
5.a.						
5.b.						
6.a.						
6.b.						
7.a.						
7.b.						
8.a.						
8.a.						
9.a.						
9.b.						
10.						
TOTAL		$	$	$	$	$

Exhibit VIII provides a sample Claims Submission Summary. The following steps must be taken:

- **Step 1** – Add all the allowable gross claim amounts for activities reimbursed at 50 percent FFP (i.e., Code 1.b.: Medicaid Outreach; Code 2.b.: Facilitating Medicaid Eligibility Determination; Code 5.b.: Transportation Related Activities in Support of Medicaid Covered Services; Code 6.b.: Translation Related to Medicaid Services; Code 7.b.: the Medicaid-proportioned Program Planning, Policy Development and Interagency Coordination Related to Medical Services; Code 8.b.: Medical/Medicaid Related Training; and Code 9.b.: Referral, Coordination and Monitoring of Medicaid Services) and enter this amount on Row A. Multiply the total cost of these activities by 50 percent to obtain a Gross Claim Cost in Column 3.

- **Step 2 –** Re-enter the amount on Line A as the Allowable Direct Costs on Row B.

- **Step 3** – Multiple the Allowable Direct Costs by the State's approved indirect cost rate (Row C) to determine the Allowable Indirect Costs (Row D).

- **Step 4** – Add Allowable Direct Costs (Row B) to the Allowable Indirect Costs (Row D) to determine the Allowable Medicaid Administrative Costs (Row E) for the quarter.

EXHIBIT VII

CLAIM SUBMISSION SUMMARY

	(1) GROSS CLAIM AMOUNT	(2) FFP	(3) GROSS CLAIM COST
(A) Activities 1.b.,2.b.,5.b.,6.b,7.b.,8.b.,9.b	$	50%	$
(B) Allowable Direct Costs (A)	$		$
(C) Allowable Indirect Cost Rate	%		
(D) Allowable Indirect Costs (B x C)			$
(E) Allowable Medicaid Administrative Costs (C + E)			$

7. SUBMITTING THE CLAIM

Quarterly claims should be submitted to the Department of Human Services within 15 days of the end of each quarter. The following items should be included when submitting the LEA's quarterly claim:

- Quarterly Claims Submission Summary
- Claim calculation detail
- Capital calculation detail
- Fringe benefit calculation
- Detailed expenditure report
- State-wide summary for Special Education tuition

Quarterly claims should be submitted to:

Name: Mr. Timothy McCormack
Assistant Director

Address: Department of Human Services
600 New London Avenue
Cranston, RI 02920

Telephone: (401) 462-6858